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Report Highlights:

- FAS Releases Guide to Australian Retail Food Sector
- November 30 Due Date for Submissions to Safeguard Inquiry into Pigmeat Imports, Public Hearings Begin November 26
- AWB to Appeal \$35 Million Court Decision
- Roy Morgan Wheat Growers Study Downplays AWB Role
- 5-year Trial Demonstrates Advantages of GM Canola
- Continued Drought Affects Australian Apple, Pear and Orange Production

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Canberra [AS1]
[AS]

FAS Releases Guide to Australian Retail Food Sector

FAS/Australia has commissioned a retail sector report which provides a roadmap for U.S. exporters for creating an entry strategy for the major retail sectors as well as best product prospects in the Australian market. The market for food grocery sales in Australia is concentrated along the east coast where population and disposable income is greatest. The total value of food retailing grew to \$66.4 billion in 2006, and more than 70 percent of food expenditure occurs within the supermarket and grocery sector. Consumers are increasingly demanding foods that are healthy and convenient, with organic, gluten-free and functional foods (including energy drinks) growing in popularity. The U.S. accounts for nearly 10 percent of total Australian food imports. *(For further information see GAIN Report AS 7067.)*

November 30 Due Date for Submissions to Safeguard Inquiry into Pigmeat Imports, Public Hearings Begin November 26

In October 2007, the GOA announced a safeguards inquiry into the impact of pig meat imports on the Australian pork industry. The inquiry is being undertaken by the Productivity Commission, who will provide an accelerated report examining whether critical circumstances exist to justify provisional safeguard measures by December 14, 2007 with a final report due by the end of March 2008. Should the investigation find that imports have caused serious injury or a threat of serious injury, Australia would have the right under WTO rules to either impose a quota or raise tariffs. Such action could occur following the preliminary report. Full details of the Issues Paper and other relevant information are available on the Productivity Commission website: <http://www.pc.gov.au/inquiry/pigmeatsafeguards>. The due date for initial submissions is November 30, 2007. *(For further information, see GAIN Reports AS 7061 and AS 7062.)*

AWB to Appeal \$35 Million Court Decision

The Australian Wheat Board (AWB) will appeal a court decision that has awarded \$35 million against the company's U.S. arm in relation to a commercial dispute with the Standard Chartered Bank. AWB said today that AWB (USA) Ltd had received a preliminary ruling from the U.S. District Court for the Southern District of New York in favor of Standard Chartered Bank. The court had issued oral findings of fact and conclusions of law directing the entry of judgment against AWB (USA) Ltd for \$35 million. In February 2005, Standard Chartered Bank brought an action against AWB (USA) Ltd over a long-standing commercial promissory note dispute. The dispute arose as a result of default by Indonesian counterparties covering several US soybean contracts to Indonesia in 2003 and 2004. Standard Chartered Bank claims that as a result of payment default by the Indonesian counterparties, it was left with a financial shortfall and claimed compensation from AWB (USA) Ltd. *(Source: FarmOnline November 21, 2007)*

Roy Morgan Wheat Growers Study Downplays AWB Role

A recent Roy Morgan survey shows that about 75% of Australian wheat growers will not sell to the national AWB pool this year. A study commissioned by the Grains Policy Institute indicates that AWB's role in marketing the '07 crop has been diminished as farmers take advantage of strong cash prices rather than using the AWB national pool. Over 50% of respondents said they would sell some or all of their wheat for cash at the silo, with this figure rising to 65% in South Australia. Only 25% of respondents said they would deliver some wheat to the national pool (in Western Australia, which does not have access to the same domestic markets as the east coast, this figure rose to over 50%). Other results indicate that the debate over single desk marketing is not a priority for wheat farmers compared with drought/rain, grain prices and profitability and general marketing; only 11%

of farmers surveyed listed as one of their top three most important issues. Two thirds of farmers were aware that AWB had announced that this year will be the final year of the AWB national pool, and about one quarter of respondents said that this would have a major impact on their marketing decisions, compared with 37% who said this would have some impact and 32% who said it would have no impact at all. The entire study is available at Wheat08.com.

5-year Trial Demonstrates Advantages of GM Canola

A five-year trial conducted by Charles Sturt University (CSU) has demonstrated the potential yield and profit advantages that a genetically modified (GM) canola variety offers Australian growers. The results are adding to the call to lift the current moratorium on growing GM canola commercially in Australia. The CSU research demonstrated that the GM canola consistently delivered superior weed control, higher yields and oil quality over the conventional varieties. In submitting the study to the NSW, Victorian and South Australian Government's GM moratoria Review Panels, the CSU researchers recommended, "the Government repeal the current moratorium on the commercial scale growing of GM canola, as a matter of priority." (Source: November 13 FarmOnline)

Continued Drought Affects Australian Apple, Pear and Orange Production

The continued drought in Australia has affected apple and pear production, although both are projected to increase slightly in 2008, assuming a return to normal weather. Exports have been held in check by reduced production and the strong Australian dollar; however the projected increase in 2008 production should see higher exports. Australian apple production has been dominated by new plantings of the Pink Lady and Gala varieties. As previously reported, New Zealand has requested WTO consultations with Australia concerning the measures imposed by Australia on the importation of apples from New Zealand. (For further information see GAIN Report AS 7068)

Total orange production for CY 2008/09 is forecast at 350 thousand metric tones (TMT), down sharply on the revised estimate for the previous year and largely due to drought. Industry sources advise that tree removal for 2007/08 could be as high as 12 percent. Over the past decade Valencia production has given way to Navel production. (For further information see GAIN Report AS 7066)

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Report Number	Title of Report	Date
AS7068	Fresh Deciduous Fruit Annual	11/21/07
AS7067	Retail Sector Report	11/08/07
AS7066	Citrus Annual	11/07/07
AS7065	Ag Down Under Vol. 12	11/02/07
AS7063	Dairy & Products Annual	10/24/07
AS7062	Issues Paper – Safeguards Inquiry into Imports of Pig Meat	10/24/07
AS7061	Govt. Announces Safeguards Inquiry into Imports of Pig Meat	10/22/07
AS7060	ALP Wheat Marketing Proposal	10/15/07
AS7059	Ag Down Under Vol. 11, 2007	10/15/07